Billing Code: 5001-06

DEPARTMENT OF DEFENSE

[Transmittal No. 17-66]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; DSCA/DSA-RAN.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 17-66 with attached Policy Justification and Sensitivity of Technology.

Dated: March 6, 2018.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.

DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

FEB 20 2018

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 17-66, concerning the Army's proposed Letter(s) of Offer and Acceptance to the Government of the Netherlands for defense articles and services estimated to cost $1.191 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:
1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 17-66

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of the Netherlands

(ii) Total Estimated Value:

Major Defense Equipment*	$ 829 million
Other	$ 362 million
TOTAL	$1.191 billion

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: The Government of the Netherlands has requested the possible sale of items and services to support the upgrade/remanufacture of twenty-eight (28) AH-64D Block II Apache Attack Helicopters to the AH-64E configuration.

Major Defense Equipment (MDE):

Fifty-one (51) T700-GE-701D Engines (42 remanufactured engines to be installed and 9 spares)
Seventeen (17) AN/APG-78 Fire Control Radars and Subcomponents
Twenty-eight (28) AN/ASQ-170 Modernized Target Acquisition and Designation Sights (MTADS) /AN/AAR-11 Modernized Pilot Night Vision Sensors (PNVS)
Twenty-eight (28) AN/APR-48B Modernized Radar Frequency Interferometers (MRFI)
Seventy (70) Embedded Global Positioning System/Inertial Navigation Systems (EGI) plus Multi-Mode Receiver (56 installed, 14 spares)

Non-MDE:

Non-MDE items and services to support the upgrade/remanufacturing of the existing AH-64D Block II Apache Attack Helicopters to AH-64E configuration, training devices, helmets, simulators, generators, transportation, wheeled vehicles and organization equipment, spare and repair parts, support equipment, tools and test equipment, technical data and publications, personnel training and training equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics and program support.

(iv) Military Department: Army (NE-B-WJW)

(v) Prior Related Cases, if any: NE-B-VXC, NE-B-WDP, NE-B-WES, NE-B-WBW, NE-B-WHD, NE-B-WGC

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: February 20, 2018

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Netherlands – AH-64E Remanufactured Apache Attack Helicopters

The Government of the Netherlands has requested the possible sale of items and services to support the upgrade/remanufacture of twenty-eight (28) AH-64D Block II Apache Attack Helicopters to the AH-64E configuration to include upgrading fifty-one (51) remaining T700-GE-701C Engines to T700-GE-701D (42 engines to be installed, 9 spares), seventeen (17) AN/APG-78 Fire Control Radar (FCR) and subcomponents, twenty-eight (28) AN/ASQ-170 Modernized Target Acquisition and Designation Sights (MTADS)/AN/AAR-11 Modernized Pilot Night Vision Sensors (PNVS), twenty-eight (28) AN/APR-48B Modernized Radar Frequency Interferometers (MRFI), and seventy (70) Embedded Global Positioning System/Inertial Navigation Systems (EGI) plus Multi-Mode Receiver. Non-MDE items and services to support the upgrade/remanufacturing of the existing AH-64D Block II Apache Attack Helicopters to AH-64E configuration, training devices, helmets, simulators, generators, transportation, wheeled vehicles and organization equipment, spare and repair parts, support equipment, tools and test equipment, technical data and publications, personnel training and training equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics and program support. The estimated total case value is $1.191 billion.

This proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a NATO ally which has been, and continues to be, an important force for political stability and economic progress in Europe. It is vital to U.S. national interests to assist the Netherlands to develop and maintain a strong and ready self-defense capability.

The proposed sale of the AH-64E remanufacture will improve the Netherlands' capability to meet current and future threats of enemy. The Netherlands will use the enhanced capability to strengthen its homeland defense and deter regional threats, and provide direct support to coalition and security cooperation efforts. The Netherlands will have no difficulty absorbing this aircraft upgrade into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors are Boeing Company, St. Louis, MO and Lockheed Martin, Bethesda,

MD. The purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the Netherlands.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 17-66

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The AH-64E Apache Attack Helicopter weapon system contains communications and target identification equipment, navigation equipment, aircraft survivability equipment, displays, and sensors. The airframe itself does not contain sensitive technology; however, the pertinent equipment listed below will either be installed on the aircraft or included in the sale:

a. The AN/APG-78 Fire Control Radar (FCR) is an active, low-probability of intercept, millimeter-wave radar, combined with a passive AN/APR-48B Modernized Radar Frequency Interferometer (M-RFI) mounted on top of the helicopter mast. The FCR Ground Targeting Mode detects, locates, classifies and prioritizes stationary or moving armored vehicles, tanks and mobile air defense systems as well as hovering helicopters, helicopters, and fixed wing aircraft in normal flight. The M-RFI detects threat radar emissions and determines the type of radar and mode of operation. The FCR data and M-RFI data are fused for maximum synergism. If desired, the radar data can be used to refer targets to the regular electro-optical Modernized Target Acquisition and Designation Sight (MTADS), permitting additional visual/infrared imagery and control of weapons, including the semi-active laser version of the HELLFIRE II missile. Critical system information is stored in the FCR in the form of mission executable code, target detection, classification algorithms and coded threat parametrics. This information is provided in a form that cannot be extracted by the foreign user via anti-tamper provisions built into the system. The content of these items is classified SECRET. The M-RFI is a passive radar detection and direction finding system, which utilizes a detachable User Data Module (UDM) on the RFI processor, which contains the Radio Frequency threat library. The UDM, which is a hardware assemblage, is classified CONFIDENTIAL when programmed with threat parameters, threat priorities and/or techniques derived from U.S. intelligence information.

b. The AN/ASQ-170 Modernized Target Acquisition and Designation Sight/AN/AAQ-11 Pilot Night Vision Sensor (MTADS/PNVS) provides day, night, and limited adverse weather target information, as well as night navigation capabilities. The PNVS provides thermal imaging that permits map-of-the-earth flight to, from, and within the battle area, while TADS provides the co-pilot gunner with search, detection, recognition, and designation by means of Direct View Optics (DVO), EI^2 television, and Forward Looking Infrared (FLIR) sighting systems that may be used singularly or in combinations. Hardware is UNCLASSIFIED. Technical manuals for authorized maintenance levels are UNCLASSIFIED.

c. The AN/APR-48B Modernized Radar Frequency Interferometer (M-RFI) is an updated version of the passive radar detection and direction finding system. It utilizes a detachable UDM on the M-RFI processor, which contains the Radar Frequency (RF) threat library. The UDM, which is a hardware assemblage item, is classified CONFIDENTIAL when programmed with threat parametrics, threat priorities and/or techniques derived from U.S. intelligence information. Hardware becomes CLASSIFIED when populated with threat parametric data.

d. KIV-77 A common IFF Applique Crypto Computer that provides information assurance for the IFF interrogators and transponders using Modes 4 and 5. The hardware is classified UNCLASSIFIED. This item is CCI and SENSITIVE. Releasable technical manuals for operation and maintenance are classified FOUO.

e. The Embedded Global Positioning System/Inertial Navigation System plus Multi-Mode Receiver (EGI+MMR) EGI GEM V 3.3 W/SAASM PN: 3424 9950-R004-XXX Software Security Core PN: CP34211974-003 (CP34211903-002), GCORE 3 ver 3 SAASM with MMR. The aircraft has two EGIs which use internal accelerometers, rate gyro measurements, and external sensor measurements to estimate the aircraft state, provides aircraft flight and position data to aircraft systems. The EGI is a velocity-aided, strap down, ring laser gyro based inertial unit. The EGI unit houses a 12-channel (GEM 5) GPS receiver. The receiver is capable of operating in either non-encrypted (C/A code) or encrypted (P/Y code). The Group User Variable (GUV) is the normal encryption key used when operating in the P/Y code mode. The GUV key is loaded into the EGI using an ANACD-10 or equivalent device. When keyed, the GPS receiver will automatically use anti-spoof/jam capabilities when they are in use. The EGI will retain the key through power on/off/on cycles. Because of safeguards built into the EGI, it is not considered classified when keyed. Integrated within the EGI is an Inertial Measurement Unit (IMU) with processing functions for performing the inertial navigation computations, GPS card, receiver management, and Kalman filter estimates to support all aircraft and weapon systems position and navigation computations. Each EGI also houses a Multi-Mode Receiver (MMR). The MMR is incorporated to provide for reception of ground based NAVAID signals for instrument aided flight. Provides IMC / IFR integration and certification of improved Embedded Global Positioning System and Inertial (EGI) unit with attached MMR, with specific cockpit instrumentation that allows Apaches to operate within the worldwide IFR route structure. Also includes integration of the Common Army Aviation Map (CAAM), Area Navigation (RNAV), Digital Aeronautical Flight

Information File (DAFIF) and Global Air Traffic Management (GATM) compliance.

2. If a technologically advanced adversary were to obtain knowledge of specific hardware, the information could be used to develop countermeasures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that the Netherlands can provide substantially the same degree of protection for sensitive technology being released as the U.S. Government. This proposed sustainment program is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification.

4. All defense articles and services listed on this transmittal are authorized for release and export to the Government of the Netherlands.

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